

Message Text

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ACTION SS-25

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INFO AMEMBASSY ANKARA

C O N F I D E N T I A L GENEVA 1577

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STADIS////////////////////////////////////

FOR AMBASSADOR VANC (S/NM)

E.O. 11652: XGDS1
TAGS: SNAR, UN, TU
SUBJECT: TURKISH/UN DEVELOPMENTS: CRITIQUE OF TURKISH AIDE MEMOIRE
CONCERNING STANDBY COMPENSATION

REF: (A) GENEVA 1523; (B) GENEVA 1522

1. QUENTIN JONES HAS PREPARED, FOR UN NEGOTIATORS' USE AT
ECOND ROUND WITH TURKS MARCH 7 PM, FOLLOWING CRITIQUE OF
AIDE MMOIRE SETTING FORTH TURKISH SIDE'S POSITION ON
QUESTION OF STANDBY ASSISTANCE FOR POPPY FARMERS (REF A).
WE UNDERSTAND THAT UN TEAM'S PLAN IS TO ATTACK FIGURES IN
TURKISH FORMULA POINT BY POINT AS BEING UNREASONABLY HIGH
ON OPIUM/INCISED POPPY SIDE AND UNREASONABLY LOW
ON UNINCISED STRAW SIDE. OBJECTIVE OF UN TEAM FOLLOWING
THIS XPOSITION WILL BE TO RECSS TALKS UNTIL WEEK OF
MARCH 17 TO ENABLE BOTH SIDES TO CONSIDER POSITIONS FURTHR.
2. IN MEANTIME MARTENS, ACCOMPANIED BY MANBY, PROPOSES TO
GO TO UNNY MARCH 11/12 TO CONSULT DAVIDSON WITH VIEW OBTAINING
POLICY CONCURRENCE IN PRINCIPLES OF INNDAC'S PROVIDING
STANDBY GUARANTEE FOR FAIR PRICE TO POPPY FARMERS, THEREBY
MINIMIZING TEMPTATION TO INCISE CLANDESTINELY AND DIVERT
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OPIUM TO ILLICIT TRAFFIC. MARTENS PROPOSES THEREAFTER TO

PROCEED WASH MARCH 13 FOR PURPOSE SEEING MACNAMARA TO DISCUSS POSSIBILITY OF IBRD ASSISTANCE IN CONNECTION TURKISH DRUG CONTROL PROGRAM, PARTICULARLY CONSTRUCTION OF ALKALOIDS FACTORY.

3. FOLLOWING IS CRITIQUE OF TURKISH AIDE MEMOIRE ON STANDBY COMPENSATION REFERENCED TO PARAS AS NUMBERED THEREIN (REF B):

"2. NOT (RPT NOT) UNTIL ALKALOIDS FACTORY IS IN OPERATION; FOR 1974/75 CROP ONLY. JUSTIFICATION:

"(A) NEW SYSTEM IS BEING IMPLEMENTED WHICH REPRESENTS SIGNIFICANT DEPARTURES FROM TRADITIONAL SYSTEM. FARMERS MAY REASONBLY BE APPREHENSIVE ABOUT NEW SYSTEM IN TERMS OF PROFIT OR LOSS TO THEM. THEY KNOW THEY MADE SOME PROFIT THROUGH OLD SYSTEM; ESPECIALLY IF THEY SOLD OPIUM TO ILLICIT BUYERS. THEREFORE, THEY MUST BE GUARANTEED PRICE FOR THEIR STRAW THAT IS SOMEWHAT BETTER THAN THEY WOULD RCEIVE FROM SELLING THIS YEAR'S CROP AS OPIUM AND INCISED STRAW TO TMO. THIS SHOULD REDUCE TEMPTATION TO INCISE AND SHOULD BE ANNOUNCED TO FARMERS BEFORE ILLICIT BUYERS CN ARRANGE PROFITABLE CONTRACTS WITH THEM FOR OPIUM.

"(B) MORPHINE CONTNT OF STRAW WHICH FARMER WILL SELL THIS YEAR IS NOT YET KNOWN.

"(C) BASED MOSTLY ON (B), PRICE TMO WILL GET FOR THIS YEAR'S STRAW WILL NOT BE KNOLN UNTIL SOMETIME AFTER HARVEST. THERE- NORE, THERE IS CONCERN ON GOT'S PART THAT FINANCIAL LIABILITY INCURRED IN GUARANTEEING PRIC TO FARMER MAY BE EXCESSIVE DRAIN ON ITS LIMITED RESOURCES.

"(D) NEXT AND FOLLOWING YEARS THESE CONSIDERATIONS WILL NOT APPLY BECAUSE NARMER WILL KNOW THAT THERE IS REASONABLE PROFIT TO BE MADE FROM GROWING POPPY FOR ITS STRAW AND SEED; MORPHINE CONTENT OF STRAW WILL BE PREDICTABLE AND MARKETING PATTERN WILL HAVE BEEN WELL STARTED. IN SHORT, MAJOR RISKS OR PRESUMED RISKS WILL HAVE BEEN ELIMINATED OR PUT ON CONTROLLABLE BASIS.

"6. MORPHINE CONTENT OF INCISED CAPSULES FROM TURKEY RANGED
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BETWEEN GMQT AND .20 PERCENT. AN AVERAG OF .18 PERCENT IS GENEROUS. ON OTHER HAN, .30 PERCENT MORPHINE IN UNINCISED STRAW IS UNREASONABLY LOW. ONE SHOULD NOT ASSUME MAXIMUM MORPHINE VALUES FOR OPIUM AND INCISED STRAW ON ONE HAND AND MINIMUM MORPHINE VALUES FOR UNINCISED STRAW ON OTHER.

"7. 'PRODUCTION PER FAMILY' DOES NOT ENTER INTO EQUATION IN CALCULATING FAIR PRIC PER KILOGRAM OF STRAW.

"8. 100,980 FARMERS X 2 DK/FARMER EQUAL 201,960 DK.

"WHEN POPPY IS SOWN AND THINNED FOR OPIUM PRODUCTION NUMBER OF PLANTS PER UNIT AREA IS LOWER THAN OPTIMUM FOR STRW PRODUCTION. TRADITIONAL METHODS ARE BEING FOLLOWED THIS YEAR SO ONE CANNOT EXPECT MORE THAN 60-80 KG OF STRW PER DECARE. WE FIGURD 80 KG/DK AS DID TURKS WHEN ESTIMATING TOTAL YIELD OF 16,000 METRIC TONS OF STRAW FROM 20,000 HECTARES.

"(NOTE: IT SHOULD BE POINTED OUT THAT CAPSULES SHOULD NOT BE DILUTED WITH STEM MATERIAL. STEM MATERIAL WILL LOWER AVERAGE MORPHINE CONTENT AND INCREASE HANDLING AND SHIPPING COSTS.)

"MORPHINE CONTENT SHOULD BE AT LEAST .35 PERCENT.

"CAPSULES (STRAW) SHOULD BE SOLD ON BASIS OF MORPHINE CONTENT. CAPSULES HAVING MORE THAN .0 PERCENT MORPHINE WOULD OBVIOUSLY BE WORTH MORE THAN \$1.00/KG. IF TOTAL YIELD OF CAPSULES IS LESS THAN 20,000 MT NOW ESTIMATED BY TURKS, THEN TOTAL HANDLING AND SHIPPING COSTS WILL BE PROPORTIONATELY LESS.

"IS NOT RATE OF EXCHANGE USED IN TURKISH FORMULA IN RROR?

"9. IF SELLING PRICE (1975) OF OPIUM IS \$45./KG AND TMO WOULD EXPECT TO PAY FARMER \$44.44/KG (600 TL DIVIDED BY 13.50), TMO WOULD BE CHARGING NXT TO NOTHING FOR TRANS-PORTATION, HANDLING AND PROCESSING COSTS.

"WE DO NOT BELIVE THAT EXPORT PRICE FOR INCISED CAPSULES EVER REACHED 7.5 TL/KG.

"HIGHEST PRIC PAID BY NETHERLANDS WAS \$200./MT, FOB IZMIR. THIS IS 2.8 TL/KG.

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"AGAIN, MORPHINE CONTNT OF INCISED STRAW SHOULD BE .18 PERCENT NOT .25 PERCENT.

"TOBACCO AND SUGARBEET ARE BOTH MUCH MORE COSTLY TO PRODUCE THAN IS POPPY STRAW AND BOTH REQUIRE BEST LANS TO BE ECONOMICAL. POPPY STRAW IS MORE COMPARABLE TO WHEAT IN TERMS OF PRODUCTION COSTS AND SOIL AND WATER REQUIREMENTS. OBVIOUSLY BOTH WHEAT AND POPPY GIVE HIGHER HILDS ON GOOD LANDS THAN ON POOR LANDS, BUT THEY CAN GIVE ECONOMIC RETURNS ON POORER LNDS THAN ARE REQUIRED BY SUGARBEET AND TOBACCO. TMO PRICE FOR WHEAT MAY BE AS HIGH AS 3 TL/KG THIS YEAR. WHEAT YIELDS ON AVERAGE ARE ABOUT SAME AS THOSE OF POPPY CAPSULES (100KG PR DECARE).

"10. IN FIGURING RETURNS TO FARMER PER DECARE OF LAND, SEED HAS HAD NO VALUE ASSIGNED. IT CAN BE EXPECTED THAT SEED YIELDS WILL BE SAME AS CAPSULE YIELDS SO EACH DECARE SHOULD PRODUC 100 KG OF SEED. SEED HAS A CURRENT VALUE IN TURKEY OF 8-10 TLGXKG. ASSUMING VALUE OF 9 TL/KG FOR SEED, FARMER WOULD GET 900 TL/DK FOR SEED AND WOULD ONLY HAVE TO HAVE 11 TL/KG FOR HIS CAPSULES TO GIVE HIM DESIRED 2,000 TL/DK RETURN.

"11. CALCULATIONS GIVEN HERE ARE INVALID BECAUSE THEY ARE BASED MAINLY ON RETURN PER DECARE AND NO VALUE IS ASSIGNED TO SEED.

"12. VALUES OF INCISED STRAW TOO HIGH; VALUES OF UNINCISED STRAW TOO LOW." DALE

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